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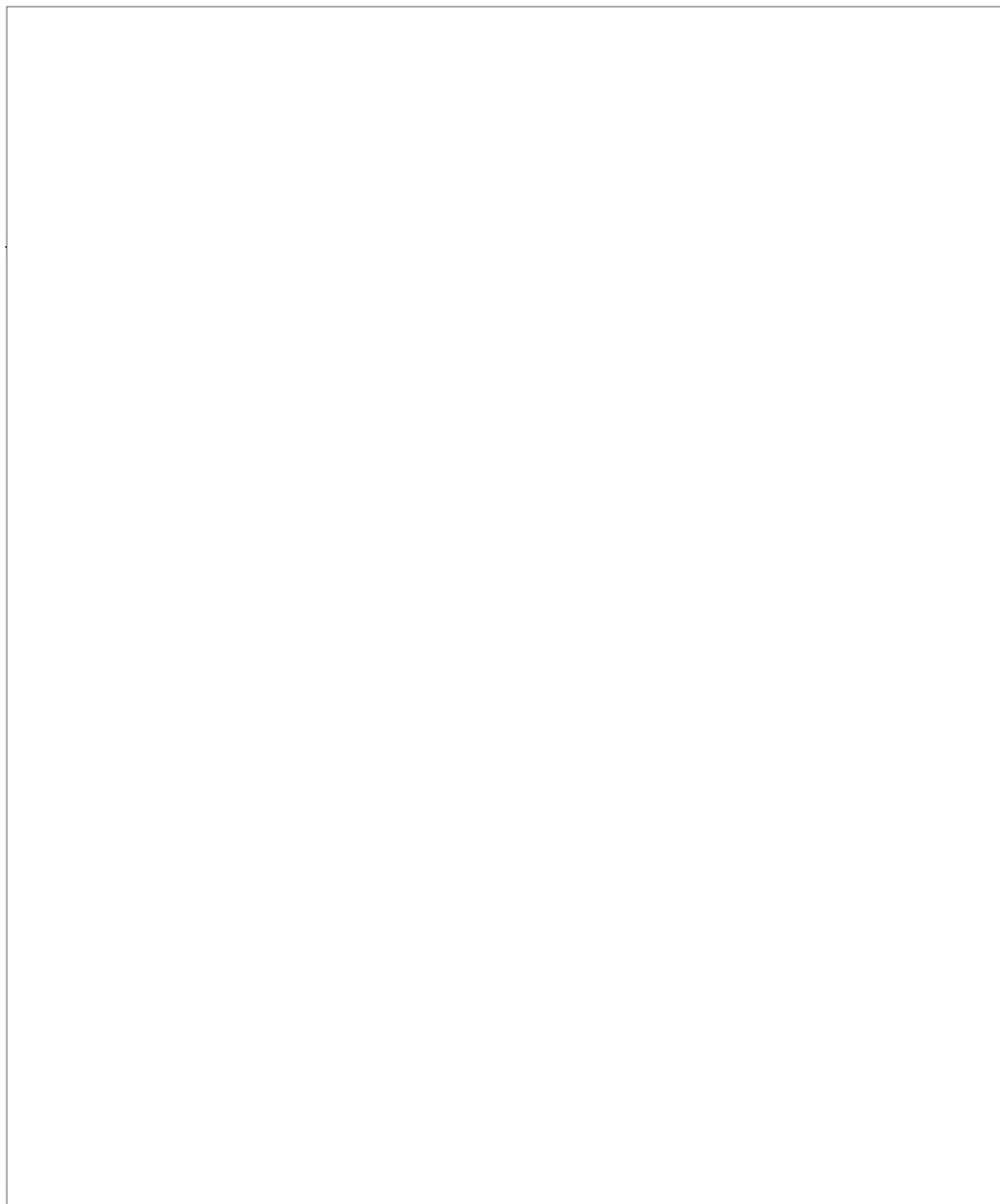
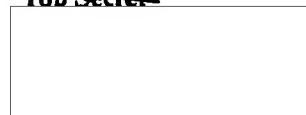
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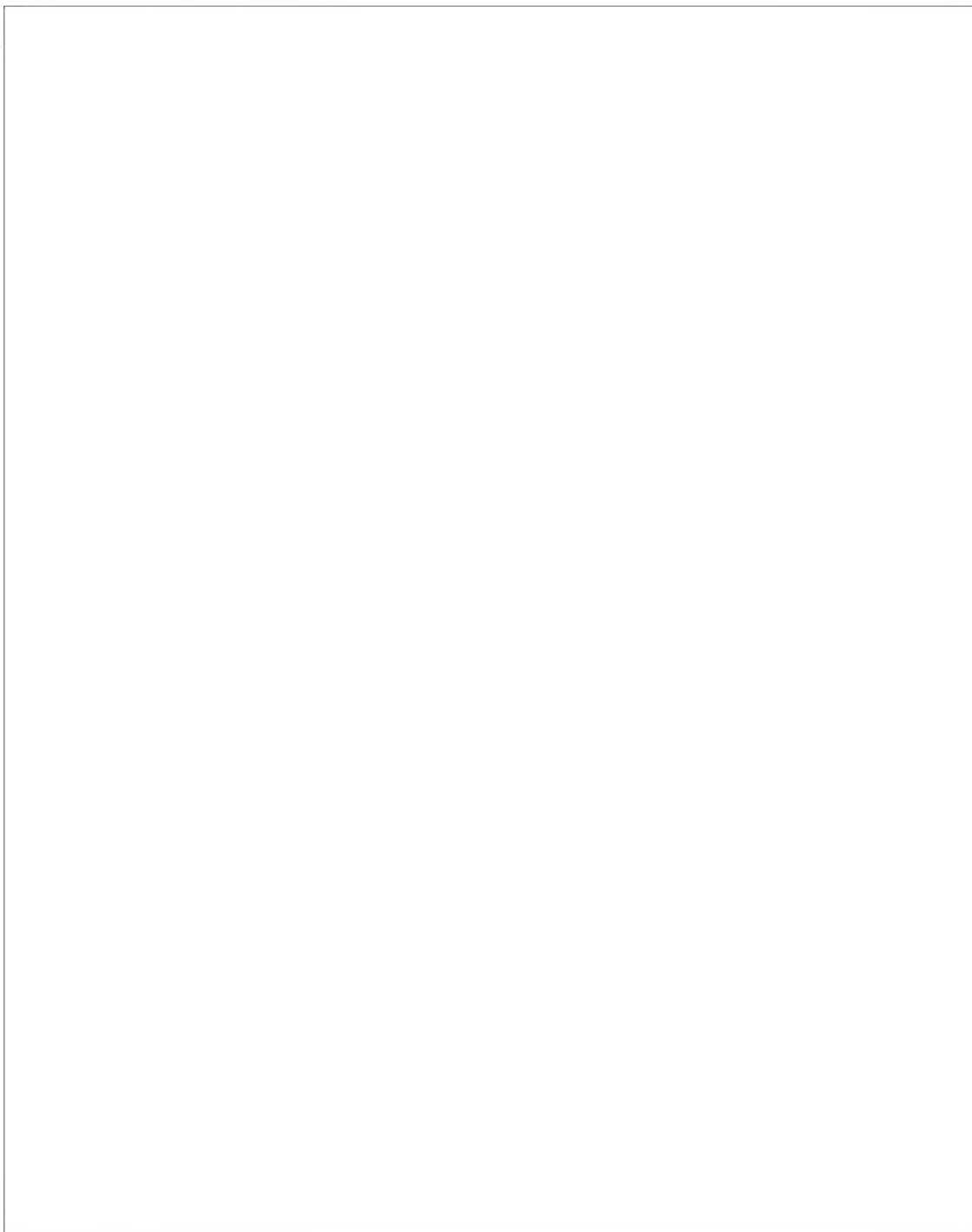


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LIBERIA: Roberts Airfield Next Rebel Target

Rebel leader Charles Taylor told the press Wednesday his forces were poised to capture Roberts International Airfield. The rebels have urged employees to evacuate the area to avoid injury. Some commercial airlines have suspended service. The airport remains open, but only 15 to 20 of some 100 employees reported for work yesterday, including only one air traffic controller and four ground support personnel. [redacted] the airfield is lightly defended: only eight soldiers were seen there; another 30 to 40 were stationed in an adjacent town. [redacted]

Comment: The insurgents probably will attack the airport in the next several days. They probably believe it is a soft target whose capture will represent a psychological victory, virtually cutting Monrovia off from the outside world. Although the rebels may capture the airport fairly quickly, the army almost certainly will try to retake it. Commercial airlines probably would be reluctant to resume flights if the airport were shut down for even a short time, regardless of which side appears to be in control. [redacted]

LATIN AMERICA: OAS General Assembly Hesitant

The OAS General Assembly will face several important regional issues when it convenes on Sunday in Asuncion, Paraguay. There is broad backing for sending observers to future Haitian elections but considerable controversy over how far the OAS should go in accommodating US urgings to promote democracy. Support for continued assistance to Contra demobilization is widespread, but few if any countries are likely to provide funds. Although Cuban readmission to the OAS is not on the agenda, most member nations favor it and probably will discuss the issue informally. [redacted]

Comment: Many members fear that too strong a stand by the OAS on promoting democracy could facilitate US intervention in the future; several plan to oppose any weakening of the traditional OAS anti-intervention stance. Some, notably the Mexicans, still harbor anti-Panama sentiment, which could surface in minor ways. Because the change of government in Nicaragua and Noriega's ouster in Panama have removed major irritants, this Assembly is apt to be less tense than the one last fall. [redacted]

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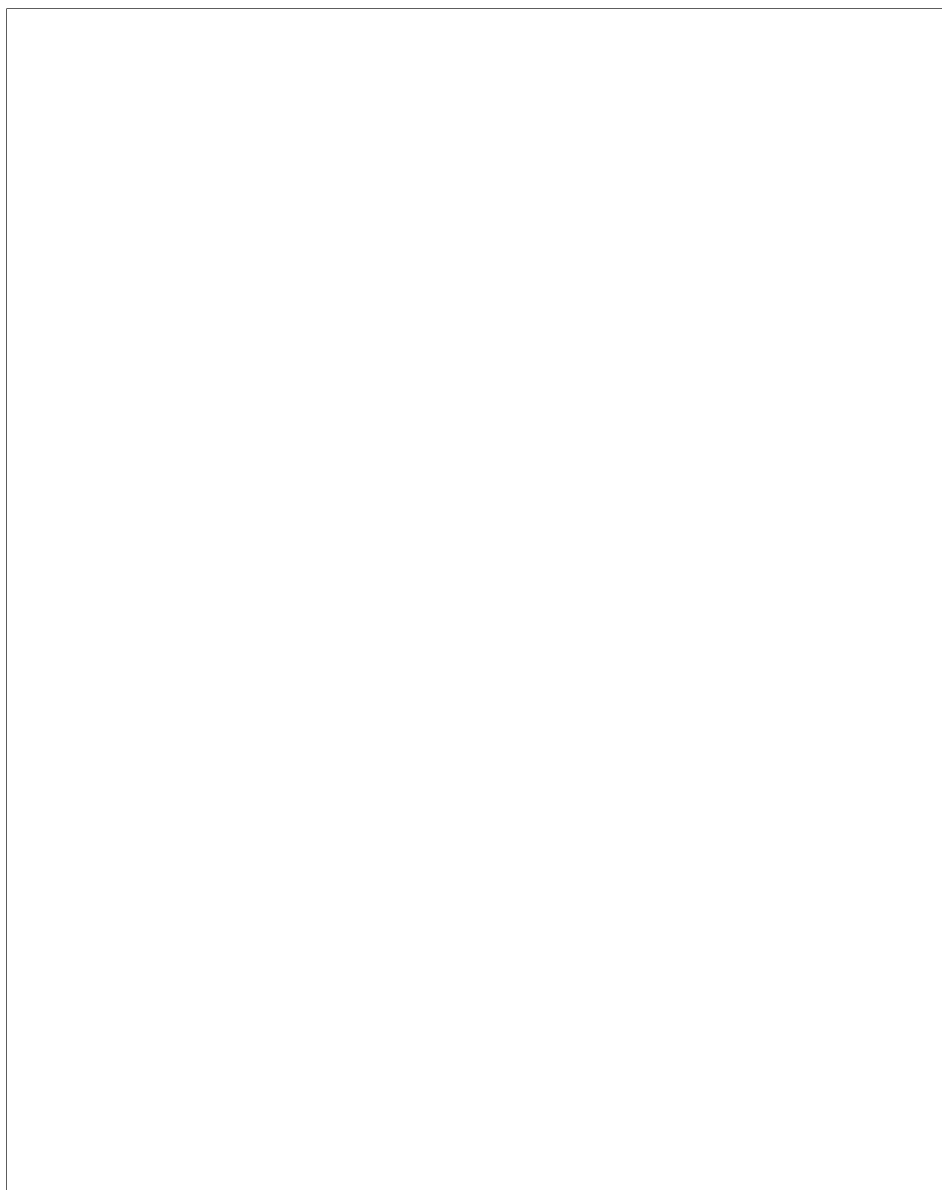
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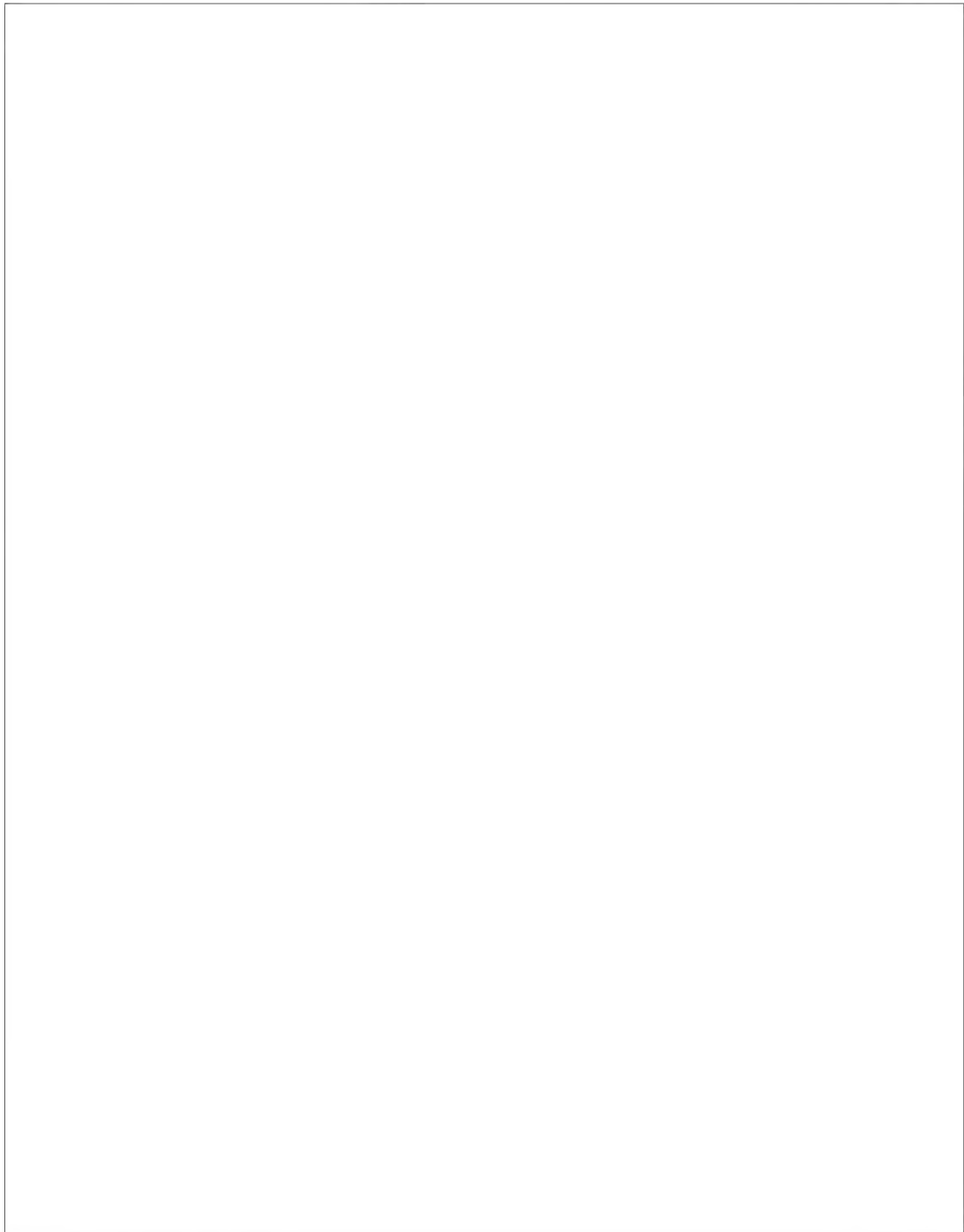


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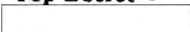
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ROMANIA: Economy in Tailsipin

Romania's economy deteriorated sharply in the first quarter this year because of rampant energy shortages, labor unrest, and government efforts to buy political stability with increased consumer supplies. Industrial production reportedly fell 20 percent from last year, while hard currency exports plunged 40 percent and imports more than doubled. Exports to CEMA member countries also dropped sharply.

Comment: To improve its standing for the recent national election, the provisional government boosted living standards by increasing imports and by diverting to consumers exportable food and industrial energy supplies. Although continued deterioration makes this strategy unsustainable, Bucharest will not quickly push the extensive economic reforms necessary for economic recovery for fear of higher prices and unemployment. The new government will be hard pressed to deliver on its promise to improve the populace's economic well-being, almost certainly generating renewed unrest.

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YUGOSLAVIA: Premier May Quit Communist Party

Premier Ante Markovic is hinting he may leave the Communist party and form a coalition of parties that support his reform program, according to press reports this week. Markovic, an ethnic Croat, already has sent a conciliatory greeting to the new non-Communist nationalist government in Croatia. His comments about leaving the party have sparked sharp attacks from the Belgrade press, controlled by Serb strongman Slobodan Milosevic, against Markovic's economic program and his personal credibility.

Comment: A recent nationwide poll shows Markovic remains the most popular politician in the country; he also is the only federal official respected by all Yugoslav ethnic groups. His reported willingness to function outside the Communist party will accelerate its disintegration. Although Markovic's comments will undercut Serb support for his economic reform program, they will increase his popularity in Croatia.

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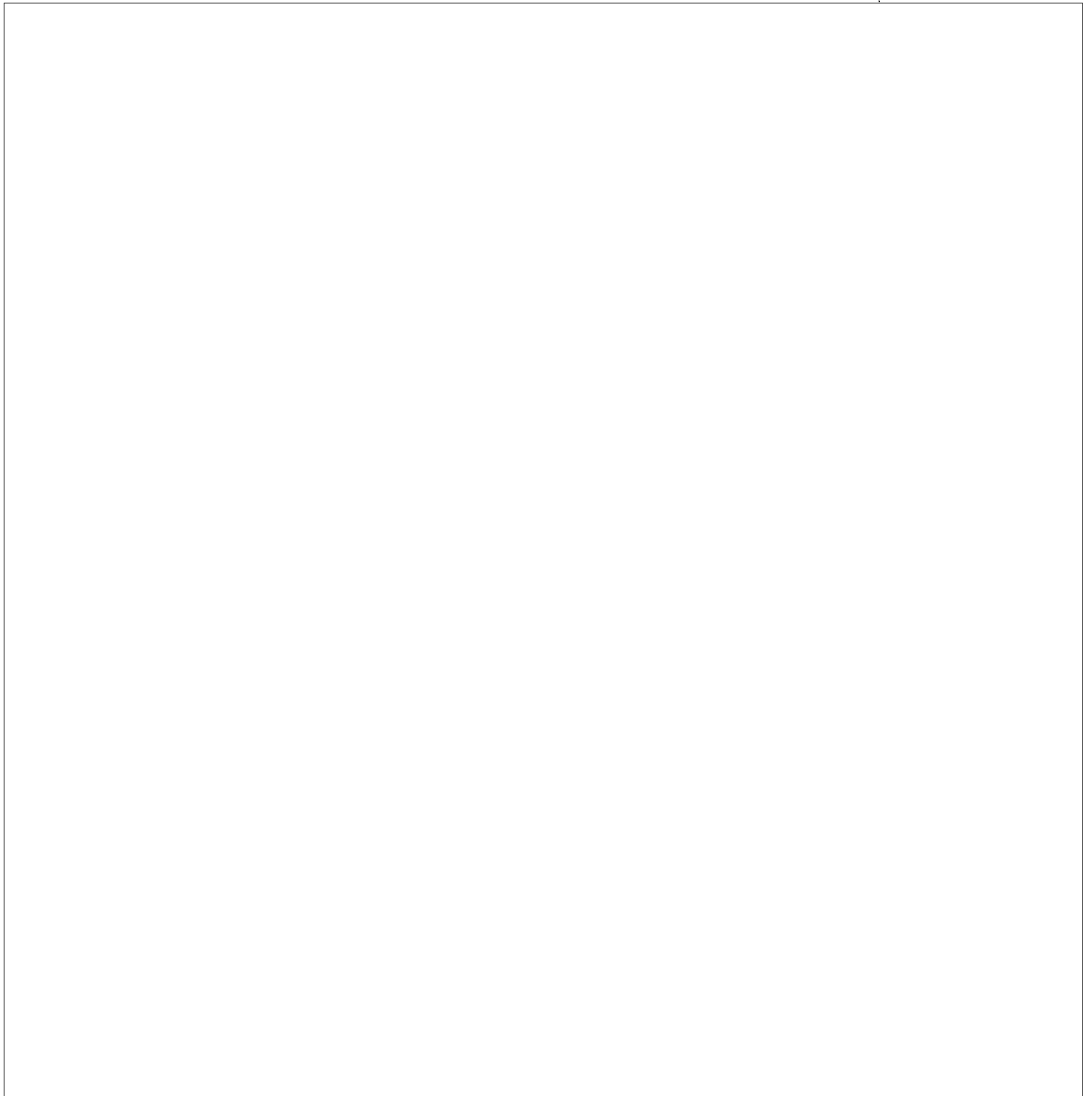


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In Brief

USSR

- Legislature of Soviet Moldavia yesterday recognized Lithuanian independence . . . strongest support so far by non-Baltic legislature . . . Moldavian legislature not yet seeking independence, move suggests proindependence sentiment growing.

Europe

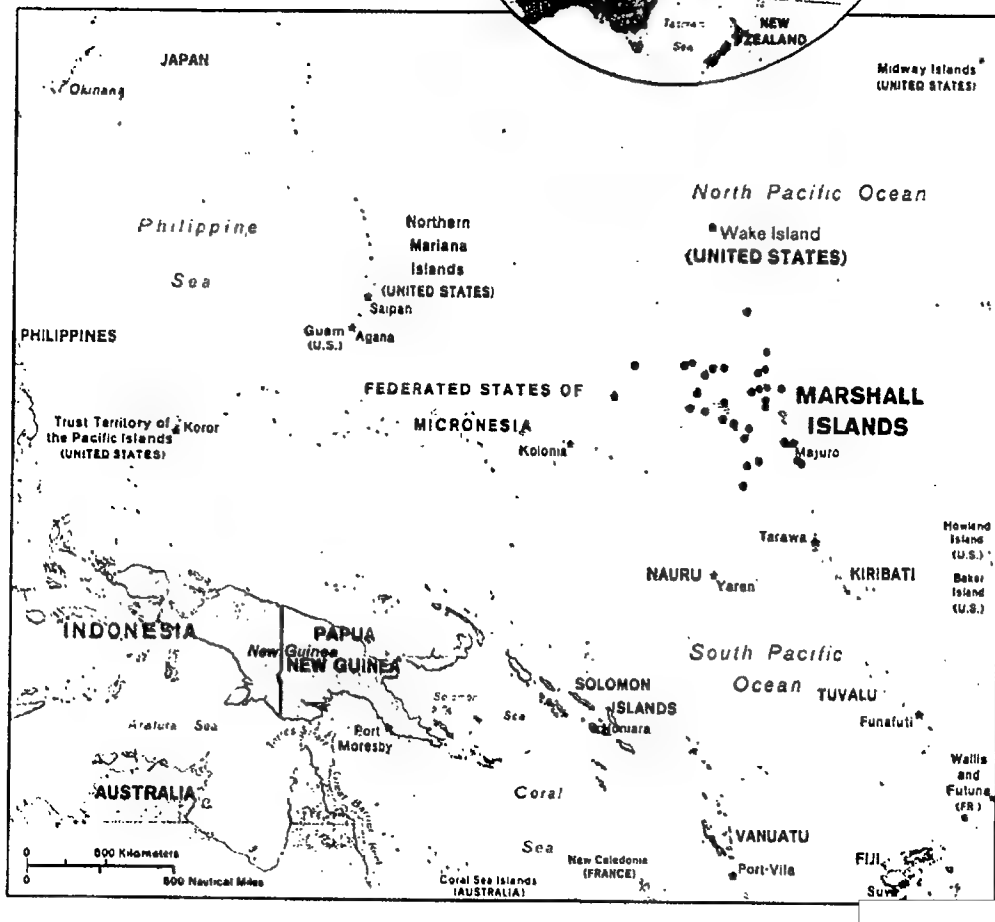
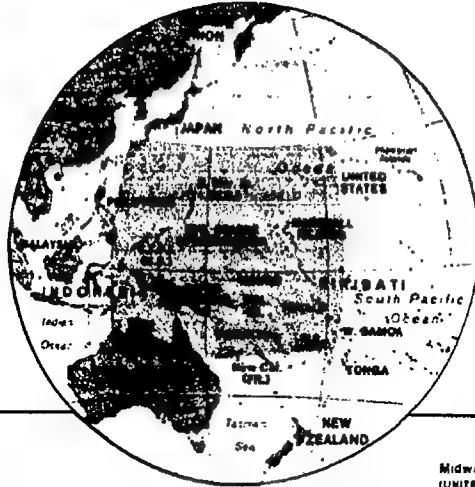
- Albania hosted energy ministers from Bulgaria, Greece, Romania, Turkey, Yugoslavia on Wednesday . . . East Europeans probably hope regional cooperation in using oil, natural gas, coal resources will reduce dependence on USSR.
- EC urging France to lift ban on UK beef . . . ban disregards existing EC safety measures against disease that has killed 13,000 British cattle . . . embargo would halve UK beef exports.
- East German Interior Minister under fire for appointing former regime officials to key positions . . . own party, coalition partners demanding his ouster . . . reflects growing concern about continued influence of Communist secret police.
- Italy, France urging other EC states to normalize relations with Vietnam . . . probably can persuade EC partners, sentiment running against sanctions . . . Rome probably will push issue when it assumes EC presidency next month.

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~~Top Secret~~**Oceania**

— **Marshall Islands President Kabua** visits Washington 11 June . . . likely to raise claim of sovereignty over Wake Island . . . though claim rests on "traditional ties." Wake has no indigenous inhabitants.

South Asia

— **Kashmiri leader Amanullah Khan** back in **Pakistan** after seeking political, financial support in US, Europe, press reports say . . . heads most significant militant group . . . Islamabad not likely to curb his anti-Indian activities.

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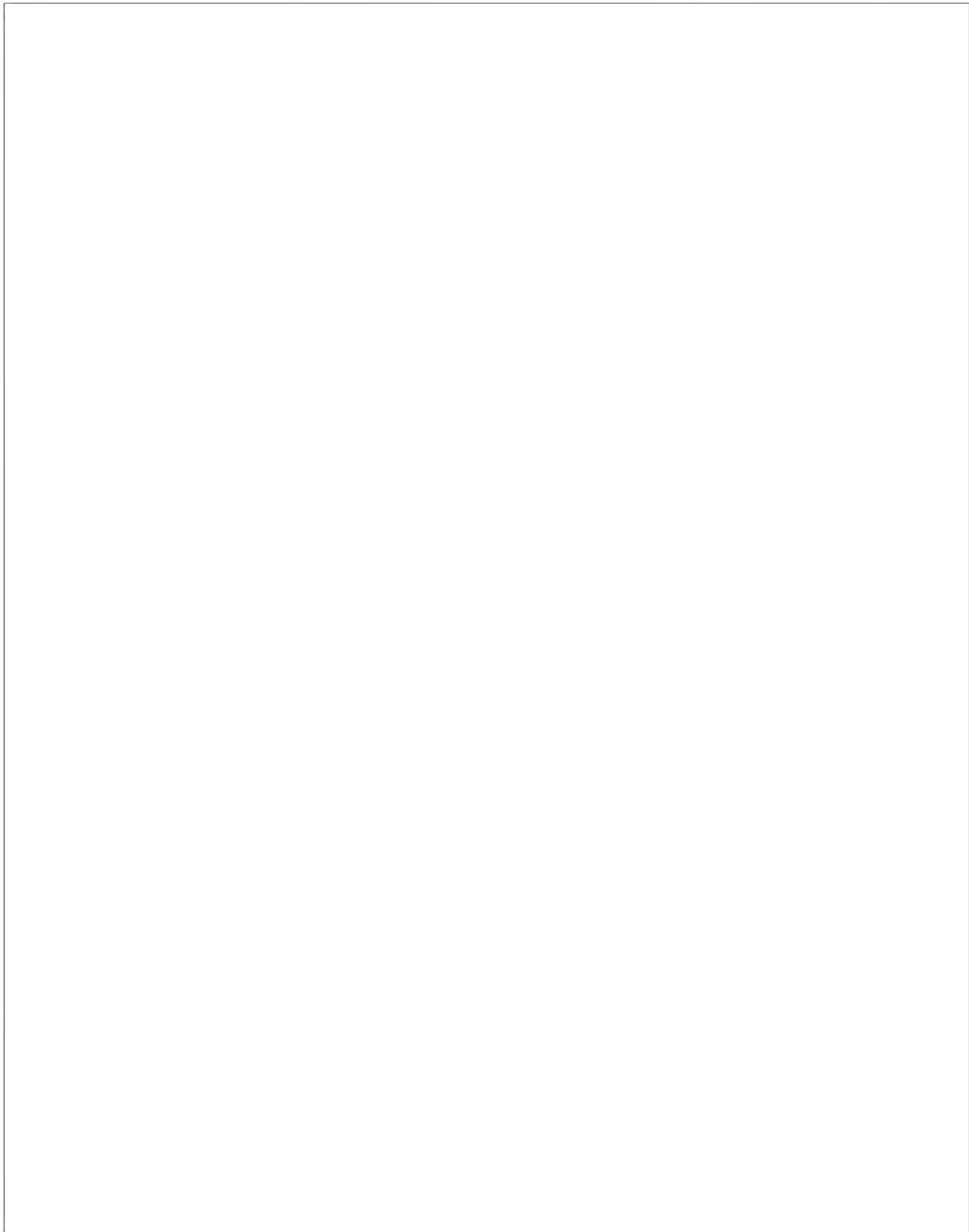
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~~Top Secret~~**Special Analysis****USSR:****Aid to Afghanistan a Manageable Cost**

The Soviets continue to provide the Najibullah regime in Kabul with generous amounts of military aid and economic assistance, though the total value of the aid this year is unlikely to match the record level of last year.

The estimated nominal value of Moscow's military assistance to Afghanistan was \$3.8 billion last year, as compared with \$2.6 billion for 1988.

Cost of Soviet Military Aid to Afghanistan, 1988-90

The actual cost of this assistance in forgone hard currency was substantially less because much of the equipment the Soviets have sent

is obsolescent and would have sold for hard currency, if at all, for far less than the contract value. Moscow probably could have earned the following amounts in hard currency by selling the items: about \$570 million last year, \$305 million in 1988, and \$100-125 million in the first quarter this year. The opportunity costs to the Soviet armed forces and the civil economy of sending such material as trucks, spare parts, and some types of ammunition and modern military equipment probably are negligible as is the cash Moscow spends to pay for the Kabul regime's large tribal militias and intelligence operations.

Cost of Soviet Economic Aid to Afghanistan, 1988-90

Moscow's deliveries of economic assistance probably reached \$820 million last year, as compared with an estimated \$180 million in 1988. Soviet economic aid quadrupled last year as Moscow attempted to prepare the Afghan economy for the withdrawal of Soviet troops and civilian technicians. If Moscow's imports from Afghanistan are offset against this aid, then net costs probably were

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about \$700 million. Of this figure, almost \$400 million represented lost hard currency: Moscow provides oil products and foodstuffs that could be sold for hard currency or, if kept at home, would help satisfy Moscow's own requirements for these goods, many of which are in short supply.

Prospects

The Soviets probably assume that, unless there is a major deterioration in the Kabul regime's political cohesion or military situation, current military and economic aid levels will maintain the Najibullah government. Soviet force reductions in Europe, Mongolia, and along the Sino-Soviet border will give Moscow added surplus equipment that could be sent to Afghanistan. The cost of Soviet military aid to Afghanistan this year probably will be slightly lower than last year.

In addition, the value of Soviet economic aid probably will drop by roughly half this year, as Soviet economic assistance returns to prewithdrawal levels.

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